

1 The opinion in support of the decision being entered today was *not* written
2 for publication in and is *not* binding precedent of the Board.

3
4 UNITED STATES PATENT AND TRADEMARK OFFICE

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7 BEFORE THE BOARD OF PATENT APPEALS
8 AND INTERFERENCES

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11 *Ex parte* GREGORY F. BORTON

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14 Appeal 2007-1443
15 Application 09/813,636
16 Technology Center 3600

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19 Decided: March 26, 2007

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22 Before ROBERT E. NAPPI, LINDA E. HORNER and ANTON W. FETTING,
23 *Administrative Patent Judges.*

24 FETTING, *Administrative Patent Judge.*

25 DECISION ON APPEAL

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28 STATEMENT OF CASE

29 This appeal involves claims 1-12 and 19-24, the only claims pending in this
30 application. We have jurisdiction over the appeal pursuant to 35 U.S.C. §§ 6 and
31 134.

32
33 We AFFIRM.

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2
3 The Appellant invented business projections, scenario management and
4 activity-based costing methods for business planning (Specification 1). An
5 understanding of the invention can be derived from a reading of exemplary
6 claim 1, which is reproduced below.

7 1. A method for activity-based business modeling for an organization
8 that doesn't require historical information from a general ledger, the
9 method comprising steps of:

10 receiving a plurality of task entries, wherein each task entry is
11 comprised of defined types of future action which will generate a
12 result;

13 receiving a plurality of resource entries, wherein each resource entry
14 is comprised of defined types of personnel, hardware, software,
15 services, or combinations thereof which are presumed to be available
16 in the future;

17 receiving mapping information that shows a relationship between each
18 of the task entries and the plurality of resource entries, wherein each
19 task entry is assigned a subset of the plurality of resources;

20 processing the plurality of task entries, the plurality of resource entries
21 and the mapping information with a computer to formulate a business
22 model; and

23 generating a forward-looking report after the processing step and
24 related to the business model.

25
26 This appeal arises from the Examiner's Final Rejection, mailed March 16,
27 2006. The Appellant filed an Appeal Brief in support of the appeal on June 28,
28 2006, and the Examiner mailed an Examiner's Answer to the Appeal Brief on
29 September 26, 2006. A Reply Brief was filed on November 21, 2006.

PRIOR ART

The prior art reference of record relied upon by the Examiner in rejecting the appealed claims is:

Morgan	US 5,799,286	Aug. 25, 1998
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REJECTIONS¹

Claims 1-12 and 19-22² stand rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter.

Claims 1-12 and 19-24 stand rejected under 35 U.S.C. § 112, first paragraph, as not enabling one skilled in the pertinent art to make and use the claimed subject matter from the original disclosure.

Claims 23 and 24 stand rejected under 35 U.S.C. § 102(b) as anticipated by Morgan.

Claims 1-12 and 19-22 stand rejected under 35 U.S.C. § 103(a) as obvious over Morgan.

¹ The Examiner withdrew a rejection of claims 1-12 and 19-24 under U.S.C. § 112, second paragraph, and under 35 U.S.C. § 103(a) as obvious over Calver (Answer 2).

² The rejection under 35 U.S.C. § 101 in the Answer implies that claims 23 and 24 also are within the scope of this rejection (Answer 3) by including claims “22-24” in the nominal rejection. However, claims 23 and 24 were not included previously (Final Rejection 2; Br. 5 and 9) and the Examiner indicates that the grounds in the Brief are correct except for withdrawn rejections (Answer 2). The Examiner does not refer to claims 23 or 24 in the analysis of the rejection in the Answer. Accordingly, we treat the inclusion of claims 23 and 24 in the nominal rejection within the Answer as a typographical error and that these claims are not before us in this rejection.

ISSUES

The issues pertinent to this appeal are

- Whether the art applied shows task entries comprised of defined types of future actions which will generate a result (All claims);
- Whether the art applied shows mapping a relationship between each of the task entries and resource entries (All claims);
- Whether the art applied shows processing the task and entries before entry of any historical information (Claim 7);
- Whether generating a forward-looking report after the processing step and related to the business model is a useful, concrete and tangible result and not mere manipulation of an abstract idea (All claims); and
- Whether the Specification enables the claims (All claims).

In particular, the Appellant contends that, as to rejections over art, Morgan uses historical information rather than future actions (Br. 6-7); Morgan maps expenditures to activities rather than mapping future resources to future tasks (Br. 7); and that, with respect to claim 7, Morgan uses historical activity rather than processing the resource entry and the task entry before entry of any historical information (Br. 8). As to the rejections regarding patentable subject matter, the Appellant contends that the claimed report is a useful, concrete and tangible result (Br. 9), and as to enablement, that the original Specification p. 8, ll. 14-30 and Figs. 2A&B are enabling.

FACTS PERTINENT TO THE ISSUES

The following Findings of Fact (FF), supported by a preponderance of substantial evidence, are pertinent to the above issues.

- 1) Morgan describes a flexible tool that not only tracks current operational performance, but also provides the information for forecasts or budgets (Morgan, col. 4, ll. 40-43).
- 2) Morgan provides forecast and budget reports (Morgan, col. 5, ll. 6-9).
- 3) Morgan describes basic functions of the flexible tool, including identifying, for each management organization, all of the activities to achieve prospective business objectives (Morgan, col. 5, ll. 23-25).
- 4) Activities to achieve prospective business objectives are future actions which will generate a result.
- 5) Thus, Morgan shows task entries comprised of defined types of future actions which will generate a result.
- 6) Morgan determines the people, facilities and equipment associated with the activities (Morgan, col. 5, ll. 56-58).
- 7) Determining the people, facilities and equipment associated with the activities is a mapping of resources, such as people, facilities and equipment, with the tasks defined as activities.
- 8) Thus, Morgan shows mapping a relationship between each of the task entries and resource entries.
- 9) Morgan's tool creates forecasts and budgets, including activity forecasts, with estimated projections for equipment utilization, activity cost information and

1 product volumes. Historical information is preferably used to create this
2 information (Morgan, col. 7, ll. 56-63).

3 10) Creating forecasts and budgets, including activity forecasts, with estimated
4 projections for equipment utilization, activity cost information and product
5 volumes is a processing of the tasks and entries within the forecast model.

6 11) Preferentially using historical information implies alternatively not using
7 such historical information.

8 12) On the first implementation of a business plan, there will be no historical
9 information and thus modeling and forecasting will be done before entry of any
10 historical information.

11 13) Thus, Morgan implies processing the task and entries before entry of any
12 historical information, both as an alternative implementation and on initial
13 implementation.

14 14) A person of ordinary skill in the art of business forecasting has knowledge
15 and experience in formulating business models, entering inputs, such as tasks
16 and resources for such models, and generating reports based on such models.

17
18 PRINCIPLES OF LAW

19 Our reviewing court provided the following holding in *Warmerdam*:

20 Despite the oft-quoted statement in the legislative history of the 1952
21 Patent Act that Congress intended that statutory subject matter
22 "include anything under the sun that is made by man," S. Rep. No.
23 1979, 82d Cong., 2d Sess., 5 (1952), *reprinted in* 1952 U.S.C.C.A.N.
24 2394, 2399; H.R. Rep. No. 1923, 82d Cong., 2d Sess., 6 (1952),
25 Congress did not so mandate. Congress included in patentable subject
26 matter only those things that qualify as "any . . . process, machine,

1 manufacture, or composition of matter, or any . . . improvement
2 thereof . . . " 35 U.S.C. § 101 (1988). *Cf. In re Alappat*, 33 F.3d 1526
3 (Fed. Cir. 1994) (*en banc*) ("The use of the expansive term "any" in
4 § 101 represents Congress's intent not to place any restrictions on the
5 subject matter for which a patent may be obtained beyond those
6 specifically recited in § 101 and the other parts of Title 35.")

7 To include some things is to exclude others. The chore of defining
8 exactly what is excluded under § 101, and applying such definitions to
9 specific cases, has caused courts to expend much effort in trying to
10 find the right words to describe some rather abstract notions. In
11 *Diamond v. Diehr*, 450 U.S. 175, 67 L. Ed. 2d 155, 101 S. Ct. 1048
12 (1981), the Supreme Court summarized the scope of the § 101
13 exclusion and the Court's prior efforts at describing it by saying
14 "[e]xcluded from such patent protection are laws of nature, natural
15 phenomena, and abstract ideas Our recent holdings in *Gottschalk*
16 *v. Benson* [409 U.S. 63, 34 L. Ed. 2d 273, 93 S. Ct. 253 (1972)] and
17 *Parker v. Flook* [437 U.S. 584, 57 L. Ed. 2d 451, 98 S. Ct. 2522
18 (1978)], both of which are computer-related, stand for no more than
19 these long-established principles." *Id.* at 185. . . .

20 [W]e find that regardless whether the claim can be said to recite
21 indirectly or directly a mathematical algorithm, the dispositive issue
22 for assessing compliance with § 101 in this case is whether the claim
23 is for a process that goes beyond simply manipulating "abstract ideas"
24 or "natural phenomena".

25 *In re Warmerdam*, 33 F.3d 1354, 1358-60, 31 USPQ2d 1754, 1757 (Fed.
26 Cir. 1994).

27 In the case where a claim is for a process, as opposed to a product, "[t]he line
28 between a patentable 'process' and an unpatentable 'principle' is not always clear.
29 Both are 'conception[s] of the mind, seen only by [their] effects when being
30 executed or performed.'" *Parker v. Flook*, 437 U.S. 584, 589 (1978) (quoting
31 *Tilghman v. Proctor*, 102 U.S. 707, 728 (1880)). "The holding that the discovery
32 of [*Benson's*] method could not be patented as a 'process' forecloses a purely
33 literal reading of § 101." *Flook*, 437 U.S. at 589. The Supreme Court has

1 recognized only two instances in which a method may qualify as a section 101
2 process: when the process “either [1] was tied to a particular apparatus or
3 [2] operated to change materials to a ‘different state or thing.’” *Id.* at 588 n.9
4 (quoting *Cochrane v. Deener*, 94 U.S. 780, 787-788 (1877) (“A process is...an act,
5 or a series of acts, performed upon the subject matter to be transformed and
6 reduced to a different state or thing”)). “[W]hen a claim containing [an abstract
7 idea] implements or applies that [idea] in a structure or process which, when
8 considered as a whole, is performing a function which the patent laws were
9 designed to protect (*e.g.*, transforming or reducing an article to a different state or
10 thing), then the claim satisfies the requirements of § 101.” *Diamond v. Diehr*, 450
11 U.S. 175, 192 (1981); *see also Gottschalk v. Benson*, 409 U.S. 63, 70 (1972)
12 (“Transformation and reduction of an article ‘to a different state or thing’ is the
13 clue to the patentability of a process claim that does not include particular
14 machines.”).

15 Our reviewing court also held that abstract subject matter is not patentable
16 unless it produces a useful, concrete and tangible result. *State Street Bank & Trust*
17 *Co. v. Signature Financial Group Inc.*, 149 F.3d 1368, 47 USPQ2d 1596 (Fed. Cir.
18 1998).

19 ANALYSIS

20 *Claims 1-12 and 19-22 rejected under 35 U.S.C. § 101 as directed to non-statutory*
21 *subject matter.*

22 All of the claims are directed toward methods of modeling business activities
23 by which implications are presented in a report. Such modeling is intangible and
24 abstract, being manipulation of the ideas of what might occur, and is not
25 instantiated in some physical way so as to be limited to a practical application of

1 the idea. In this case, the claimed methods do not require any machine or
2 apparatus to perform the steps and do not operate to physically transform any
3 material to a different state or thing, and are therefore not processes within the
4 meaning of the patent statutes. As such, they do not fall within any of the statutory
5 categories of patentable subject matter under § 101.

6 The Appellant argues that the claims are statutory because they produce a
7 useful result, i.e., “generating a forward-looking report” (Br. 9). Our reviewing
8 court has applied the “useful, concrete, and tangible result” test only to claims that
9 are directed to machine implementation of mathematical algorithms, and we find
10 no precedent requiring us to extend it to non-machine implemented methods in this
11 case. *See In re Alappat*, 33 F.3d 1526, 1544, 31 USPQ2d 1545, 1557 (Fed. Cir.
12 1994) (“This [claimed invention] is not a disembodied mathematical concept
13 which may be characterized as an ‘abstract idea,’ but rather a specific machine to
14 produce a useful, concrete, and tangible result”); *State Street*, 149 F.3d at 1373, 47
15 USPQ2d at 1601 (holding “transformation of data ... by a practical application of a
16 mathematical algorithm, formula, or calculation, because it produces ‘a useful,
17 concrete and tangible result.’”); and *AT&T Corp. v. Excel Communications, Inc.*,
18 172 F.3d 1352, 1358, 50 USPQ2d 1447, 1452 (Fed. Cir. 1999) (“Because the
19 claimed process applies the Boolean principle to produce a useful, concrete, and
20 tangible result without pre-empting other uses of the mathematical principle, on its
21 face the claimed process comfortably falls within the scope of § 101.”

22 Therefore, all of the claims are directed toward ineligible subject matter.
23 Accordingly we sustain the Examiner's rejection of claims 1-12 and 19-22 rejected
24 under 35 U.S.C. § 101 as directed to non-statutory subject matter.

1 *Claims 1-12 and 19-24 rejected under 35 U.S.C. § 112, first paragraph, as not*
2 *enabling a person of ordinary skill in the art to make and use the claimed subject*
3 *matter from the original disclosure.*

4 The Examiner rejects the above claims because the Examiner finds the
5 Specification is unclear as to how a business model is formulated, tasks are
6 entered, or reports are generated with a model (Answer 6³).

7 As our Findings of Fact (FF 13), *supra*, shows, a person skilled in the pertinent
8 art would know how to make and use the claimed invention without undue
9 experimentation, as demonstrated in the prior art. Accordingly we do not sustain
10 the Examiner's rejection of claims 1-12 and 19-24 under 35 U.S.C. § 112, first
11 paragraph, as not enabling a person skilled in the art to make and use the claimed
12 subject matter from the original disclosure.

13
14 *Claims 1-12 and 19-22 rejected under 35 U.S.C. § 103(a) as obvious over Morgan.*

15 We note that the Appellant argues these claims as a group. Accordingly, we
16 select claim 1 as representative of the group.

17 From the Findings of Fact, *supra*, we must conclude that

- 18 • The art applied shows task entries comprised of defined types of future
19 actions which will generate a result (All claims) (FF 5);

³ The Examiner also indicates that claim 6 is indefinite within the 35 U.S.C. § 112, first paragraph rejection analysis (Answer 6). Such a characterization as being indefinite is actually a rejection under 35 U.S.C. § 112, second paragraph, which the Examiner withdrew. Accordingly, we treat this as an ancillary remark by the Examiner not associated with the 112, first paragraph rejection.

- 1 • The art applied shows mapping a relationship between each of the task
2 entries and resource entries (All claims) (FF 8); and
- 3 • The art applied shows processing the task and entries before entry of any
4 historical information (Claim 7) (FF 13).

5 Accordingly we sustain the Examiner's rejection of claims 1-12 and 19-22
6 under 35 U.S.C. § 103(a) as obvious over Morgan.

7
8 *Claims 23 and 24 rejected under 35 U.S.C. § 102(b) as anticipated by Morgan.*

9 We note that it appears unusual for claims, such as claims 23 and 24, that each
10 refers back to another claim, to be rejected for lack of novelty, whereas the claim
11 they refer to is rejected because of obviousness. Claims 23 and 24, although both
12 refer back to claim 1, are not strictly dependent claims, because, being directed to a
13 computer readable medium and to a system, each capable of implementing, but not
14 affirmatively executing, the method of claim 1, they do not fully incorporate the
15 subject matter of claim 1, much as a product by process claim does not incorporate
16 the actual process execution within its scope. In particular, their structure would
17 be fully capable of executing the procedure of claim 1 with or without historical
18 information, and, more to the point, the use or lack thereof of historical
19 information is not part of the structural scope of these claims. We further note that
20 the Appellant has not separately argued these claims.

21 Accordingly, we sustain the Examiner's rejection of claims 23 and 24 under
22 35 U.S.C. § 102(b) as anticipated by Morgan.

REMARKS

The Appellant also contends that the Examiner's objection against claims 2, 8-11, 23 and 24 is improper (Br. 10). However, this relates to a petitionable matter and not to an appealable matter. *See In re Schneider*, 481 F.2d 1350, 1356-57, 179 USPQ 46, 51 (CCPA 1973) and *In re Mindick*, 371 F.2d 892, 894, 152 USPQ 566, 568 (CCPA 1967). *See also* MPEP § 1002.02(c), item 3(a) and § 1201. Thus, the relief sought by the Appellants would have been properly presented by a petition to the Commissioner under 37 C.F.R. § 1.181 instead of by appeal to this Board. Accordingly, we will not further consider this issue.

The Examiner is urged to consider searching user manuals of any of the popular project management software packages as pertinent sources of prior art, should prosecution continue following this appeal. Project management software routinely creates forward looking reports based on the mapping of prospective activities to resources and are generally not tied to a general ledger.

DECISION

To summarize, our decision is as follows:

- The rejection of claims 1-12 and 19-22 rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter is sustained.
- The rejection of claims 1-12 and 19-24 under 35 U.S.C. § 112, first paragraph, as not enabling a person skilled in the pertinent art to make and use the claimed subject matter from the original disclosure is not sustained.
- The rejection of claims 23 and 24 under 35 U.S.C. § 102(b) as anticipated by Morgan is sustained.

- The rejection of claims 1-12 and 19-22 under 35 U.S.C. § 103(a) as obvious over Morgan is sustained.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 CFR § 1.136(a) (1) (iv).

AFFIRMED

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